

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 1 of 17

APPROVED BY: Richard F. Slivinski

DGS Director

I. PURPOSE

The purpose of this policy is to establish an effective and efficient process for recording, tracking, controlling, and disposing of fixed assets.

II. REFERENCES

- **CAPP 30100, FAACS Overview**
 - CAPP 30105, Introduction
- **CAPP 30200, Asset Acquisition**
 - CAPP 30205, Acquisition Method
 - CAPP 30210, Acquisition Valuation
- **CAPP 30300, Asset Classification**
 - CAPP 30305, Capitalized or Controlled Assets
 - CAPP 30310, Asset Categorization
 - CAPP 30315, Nomenclature Codes
- **CAPP 30400, Asset Revaluations**
 - CAPP 30405, Additions, Renovations, and Repairs
- **CAPP 30500, Asset Control and Management**
 - CAPP 30505, Physical Inventory
 - CAPP 30510, Asset Maintenance
- **CAPP 30600, Asset Depreciation**
 - CAPP 30605, Useful Life
 - CAPP 30610, Depreciation Methods and Calculations
- **CAPP 30700, Surplus Property**
 - CAPP 30705, Surplus Property Management
- **CAPP 30800, Asset Disposal**
 - CAPP 30805, Disposal Management
- **CAPP 30900, Reconciliation & Error Correction**
 - CAPP 30905, Requirements
- **CAPP 31000, Reporting**
 - CAPP 31005, Transactions and Year End
 - CAPP 31010, Summary Users
- **CAPP 31100, Federal Asset Accounting**
 - CAPP 31105, Federal Requirements
- **CAPP 70300, FAACS Online**
 - CAPPs 70305 to 70365
- **Agency Procurement and Surplus Property Manual**

III. DEFINITIONS

For purposes of this policy and related procedures, the terms are defined as follows:

Buildings All real estate, excluding land, which are used for shelter,

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 2 of 17

APPROVED BY:

Richard F. Flurba

DGS Director

dwelling, and other similar agency purposes. The Statewide definition is any "roofed structure for permanent or temporary shelter of persons, animals, vegetation, or equipment."

Capitalizable Property

Tangible property with an expected useful life of greater than one year and the asset individually has a value or cost of \$5,000 or more at the date of acquisition.

Controllable Property

Tangible property that has an expected life of greater than one year and a value or cost of greater than \$2000 and less than \$5,000 at the date of acquisition. Also may include tangible property costing under \$2000 if the Division/Staff Director deem it appropriate to track the item.

Construction-In-Progress

A balance sheet classification which represents a temporary capitalization of labor, materials, and equipment of buildings or other fixed assets (capital projects) that are under construction.

Depreciation

The systematic allocation of the cost of a fixed asset over its estimated service life to the periods that benefit from the asset.

Equipment

Agency property of any kind which meets the following criteria:

- Is complete in itself;
- Does not lose its identity or become a component of the building where it resides; and
- Is of a durable nature with an expected service life of more than one year.

With respect to the second criteria, it is important to emphasize that items which are either built in or largely immobile, such as large machinery or laboratory benches, are equipment items as they are separately identifiable. Central air conditioning and heating systems for a building are building components and are not capitalizable as equipment items.

Improvements Other Than Buildings

Includes all improvements not specifically identifiable to an individual building other than nondepreciable improvements to land parcels such as grading or filling expenditures. Included are agency-maintained infrastructures such as roads, bridges, curbs, surface gutters, street, sidewalks,

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 3 of 17

APPROVED BY: Richard F. Mikowski

DGS Director

drainage systems, parking lots, lighting systems and similar assets which, while not identifiable to any particular structure, nevertheless have a quantifiable value to the agency. Examples of "Improvements Other Than Buildings" are paving, fencing including gates, sidewalks, curbs, small structures not listed by separate location such as sheds, sign posts, bleachers, and plumbing including drain irrigation, drinking fountains, hose bibs, and on-site sewer.

Land

Non-expendable, real property whose title is held by a state agency.

IV. POLICY

It is the policy of the Department of General Services (DGS) to follow the guidelines set forth in the Commonwealth's Accounting Policies and Procedures manual in regards to fixed assets.

DGS will maintain proper stewardship over all agency fixed assets. Specifically, DGS will:

- Maintain internal controls and an internal control environment that ensures the proper control and safeguarding of all agency owned or otherwise utilized fixed assets.
- Provide for Generally Accepted Accounting Principles (GAAP) basis financial reporting in the appropriate format. For financial reporting purposes, all fixed assets valued at \$5,000 or greater, on an historical cost basis must be capitalized and recorded in the Commonwealth's Fixed Asset Accounting and Control System.
- Where applicable, provide accurate and timely reports to the federal government in accordance with their requirements.
- Control and maintain proper stewardship over agency fixed assets, including those valued at less than \$5,000.
- Establish and maintain procedures to ensure that proper reconciliations and corrections are made on a timely basis.
- Ensure that all depreciation, where applicable, is calculated, summarized and reported on a basis consistent with GAAP.
- Establish and maintain internal procedures for recording, tracking, and disposing of fixed assets.

V. RESPONSIBLE DIVISION/STAFF DIRECTOR

DGS Controller will be responsible for making revisions to this policy as necessary.

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 4 of 17

APPROVED BY: Richard E. Nivenski

DGS Director

VI. CONTACT POSITION FOR INTERPRETATION

DGS Controller, Fiscal Services, (804) 786-7925

VII. POLICIES SUPERSEDED

Fixed Asset Accounting Policy (*unofficial - date unavailable*)

VIII. EXCEPTIONS

Request for exception to this policy shall be made in writing to the DGS Controller by the respective Division or Staff Director. DGS Controller shall forward requests for exception and his recommendation on such to DGS Director or Deputy Director for consideration and approval.

IX. PROCEDURES

A. ROLES AND RESPONSIBILITIES

1. *DGS Controller* is responsible for maintaining an adequate system of internal controls within the agency. As such, DGS Controller or his/her designee shall:
 - a. Appropriately restrict/grant security access to agency (e.g., PeopleSoft) and state-wide (e.g., CARS) accounting and budgeting systems, including FAACS.
 - b. Appoint a *Department Fixed Asset Coordinator*.
2. *Division and Staff Directors* in collaboration with Business Unit Managers shall:
 - a. Establish written Division/ Unit procedures for tracking and maintaining internal control of controllable fixed assets, and where appropriate, capitalizable fixed assets (i.e., for those Divisions that are summary users of FAACS and track detail asset information in a system other than or in addition to FAACS). These procedures must be submitted to the DGS Controller for review and approval. Controllable fixed assets need not be recorded in FAACS if the Division/Staff Unit establishes an alternative method of recording and tracking controllable assets.
 - b. Appoint *Division Fixed Asset Coordinator(s)*, as appropriate.

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 5 of 17

APPROVED BY: Richard F. Hioroski

DGS Director

- c. Ensure that a *Responsible Person* is assigned to each fixed asset, whether capitalizable or controllable.
3. *Department Fixed Asset Coordinator* shall:
 - a. Review the Weekly CARS 0462 "Potential Fixed Asset Report", obtain copies of each voucher that meets the criteria for fixed assets, and determine if an FAACS Form FACM0110 is required.
 - b. Obtain FAACS Form FACM0110 from the Division Fixed Asset Coordinator when required.
 - c. Maintain lists of items for input into FAACS and reconcile to the CARS 402 monthly to ensure a complete and accurate interface. Submit copy of the reconciliation to the Financial Reporting Manager to support the monthly certification of compliance to DOA.
 - d. Coordinate with Division Fixed Asset Coordinators to ensure that assets within the required capitalizable limits are recorded in FAACS in a timely manner (within 30 days of the CARS 0463 report date in which the invoice appears.
 - e. Maintain a filing system that provides an adequate audit trail.
 - f. Distribute copies of the FAACS Inventory download each quarter to Division Fixed Asset Coordinators.
 - g. Coordinate with Divisions to ensure a physical inventory is performed once every two years in accordance with CAPP and annually in accordance with DGS policy.
 - h. Distribute copies of the FAC30040 Disposal History report each quarter to Division Directors and Fixed Asset Coordinators.
 - i. Deliver Division Fixed Asset Coordinator training annually.
4. *Division Fixed Asset Coordinators* shall:
 - a. Maintain records of controllable Fixed Assets in their division/business unit.

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 6 of 17

APPROVED BY: , DGS Director

- b. Submit FACM0110 for new capitalizable assets, and for changes in, or deletion of existing assets, within 10 days of the date action occurred.
 - c. Review the FAACS Inventory download quarterly to ensure accuracy.
 - d. Conduct a physical inventory of fixed assets annually by date required by the DGS Department Fixed Asset Coordinator and once every two years in accordance with CAPP. Return signed and dated letter to DGS Department Fixed Asset Coordinator confirming performance of the annual physical inventory.
 - e. Submit timely input forms to the Department Fixed Asset Coordinator whenever permanent changes occur to any asset listed or omitted on the most recent inventory report. See below for a list of permanent changes that may occur.
5. *Responsible Person* shall report to the Fixed Asset Coordinator any change in the asset's status and is accountable for the physical custody of the asset. Changes in an asset's status occur when there is a:
 - change in location
 - change in responsible position
 - change in asset status (availability code)
 - direct receipt of new asset
 - disposal of asset
6. *Fiscal Services Support Team* shall act as liaison between the Department Fixed Asset Coordinator and the Division Fixed Asset Coordinator and assist the Division Fixed Asset Coordinators in identifying and properly recording fixed assets.
7. *Fiscal Services' Disbursement Manager* shall provide the Department Fixed Asset Coordinator with copies of all vouchers and Interagency Transfer (IATs) including all supporting documentation meeting the two following criteria:
 - Coded to the Major Object Series 2200
 - Acquisition Cost of \$2,000 or more.

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 7 of 17

APPROVED BY:

Richard F. Slivinski

DGS Director

8. *Information Systems Services (ISS) Director* shall maintain a log of all technology-related equipment attached to the network (which does not include phones) and internal use software.
 - a. *ISS Director* shall capture the following information for equipment:
 - Name and model of equipment
 - Inventory tag number (e.g., DGS, Division, VITA)
 - Serial number
 - Cost code assigned/physically located
 - Purchase order number used to purchase equipment (if known)
 - ISS Director* shall provide guidance to Divisions on ISS' and the Division's role in controlling, tracking, and accounting for technology-related equipment.
 - b. *ISS Director* shall accumulated costs associated with internally developed, contractor-developed, or purchased internal use software in accordance with DGS' *Internal Use Software Policy (FS-11)*.
9. *Fiscal Services' Accounting Manager* or his/her designee shall accumulate costs associated with Construction-In-Progress and update FAACS quarterly to appropriately reflect CIP asset balances for each construction project identified to be capitalized in accordance with DGS' *Construction-in-Progress (CIP) Desk Procedures*.

B. ACQUISITION OF ASSETS

1. Divisions shall adhere to the rules and regulations in the Agency Procurement and Surplus Property Manual, published by the Division of Purchases and Supply (DPS).
2. Divisions/Staff Units shall ensure that all major acquisitions are screened against available assets from other agencies and institutions to avoid unnecessary and duplicative purchases.
3. Divisions/Staff Units shall obtain approval from the Virginia Information Technology Agency (VITA) if the acquisition involves computer hardware or software purchases.

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 8 of 17

APPROVED BY: Richard F. Shirotski, DGS Director

4. Department Fixed Asset Coordinator shall assist Division Fixed Asset Coordinators in identifying assets that must be entered or updated in FAACS.
 - a. Asset items that meet the criteria for inclusion in the Fixed Asset Accounting and Control System (FAACS) can be acquired in the following ways:
 - New purchases
 - Donations
 - Transfers from other State agencies
 - Federal or State surplus
 - Internal/external construction
 - Lease purchases
 - Trade-ins
 - Forfeiture or condemnation
 - b. CARS transaction listing of potential fixed assets, vouchers, purchase orders, receiving documents, warranty data, deeds, and other source documents may be used to assist in identifying which assets should be entered in FAACS.
5. DGS shall input all recordable assets, except constructed assets, into FAACS as soon as possible after title passes. *Except in unusual circumstances, assets should be posted within 30 days after receipt and acceptance of the asset.*
 - a. For equipment purchases, title is considered to pass at the date the equipment is received.
 - b. Similarly, for donated assets, title is considered to pass when the asset is available for the agency's use and when the agency assumes responsibility for maintaining the asset.
 - c. Constructed assets are transferred from the construction in progress account to the related building, improvements other than buildings, or equipment accounts when they become operational. Constructed buildings, for example, are assumed to be operational when an authorization to occupy the building is issued, regardless of whether or not final payments have been made on all the construction contracts.

C. TAGGING ASSETS

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 9 of 17

APPROVED BY: 

DGS Director

1. DGS *shall* tag each equipment fixed asset to appropriately identify and account for the asset. Although, the use of serial numbers as a unique identification number is not disallowed, it is not recommended.
 - a. The tag shall contain a unique number and the property owner's name (e.g., DGS).
 - b. Given that the tag's purpose is primarily for identification, the number shall be the predominant feature on the tag.
 - c. The numbering sequence utilized shall be a simple, consecutive series of numbers. Numbers should be assigned in consecutive order without regard to asset type or location. The consecutive numbering allows each asset item to carry a unique number throughout its entire life regardless of change in location, responsible person, or other data elements assigned to the asset item, until such time DGS retires or disposes of the asset.
2. DGS shall retire the tag and unique tag identification number of an asset once disposition has occurred.
 - a. A history file of the retired identification numbers should be maintained in FAACS for three years after disposition for audit trail control purposes.
3. DGS shall tag assets at the time of physical receipt, or as soon thereafter as possible.
4. DGS shall still assign a unique tag identification number to assets incapable of receiving a physical tag for reporting purposes. These types of untaggable assets include heat-sensitive or finely tuned equipment items for which physical tagging would be impractical or would otherwise alter the item's usefulness.
5. DGS (i.e., Division Fixed Asset Coordinator) shall store unused tags in an agency log book or otherwise controlled manner to avoid duplicate use of tag numbers.

D. INFORMATION TO BE RECORDED FOR EACH FIXED ASSET

1. DGS *shall* capture and record, at a minimum, the following information on each *capitalizable* fixed asset. Minimum, but not

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

POLICY NUMBER: FS-10

REVISION NUMBER: 1

APPROVED BY: Richard E. Skowoski

DATE: 11/14/08

EFFECTIVE DATE: 07/01/08

PAGE: 10 of 17

DGS Director

limited to, information that shall be captured for *controllable* assets are denoted with an asterisk (*):

- Asset ID: Tag number *
- Asset Description: Description *
- Bldg ID: ID of Building housing equipment
- FIPS Code: Identifying city, town or county where asset is located
- Floor Of Building: Floor number where asset is located
- Room Of Building: Room number where asset is located
- Responsible Position Number: Position Number of responsible person
- Position Title/Person's Name: Title and name of responsible person
- Acquisition Basis/ Valuation: H - Historical Cost = Original Cost
- Basis/Cost: E - Estimated Cost using Agency Method
- Acquisition Method: A - Appraisal value determined by external appraiser
- Acquisition Method: Method used to acquire asset:
 - P - Purchase
 - T - Trade-in
 - L - Lease
 - D - Donation/Gift
 - I - Installment
 - O - Other Method
 - C - Construction
 - N - Not applicable (owned by non-COV)
- Availability Code: U - Unavailable for use by others
- Ownership Status: S - Surplus property available for use by other agencies
- Condition Of Asset: A - Available for part-time use by other divisions within the agency
- Inventory Tag Applied: A - Owned by Agency of Commonwealth of VA (COV) *
- Cost Center, Division, Business Unit: G - Owned by Federal Government(Gov't)
- Date Acquired: F - Owned jointly by COV & Federal Gov't
- Nomenclature Code: S - Owned jointly by COV & another State
- Acquisition Method: C - Owned jointly by COV & private org
- Availability Code: O - Other status
- Ownership Status: L - Leased (CONTROL IND must be C)
- Condition Of Asset: O - Operable;
- Inventory Tag Applied: I - Inoperable
- Cost Center, Division, Business Unit: Y - Yes *
- Date Acquired: N - No
- Nomenclature Code: Controlling organization
- Acquisition Method: Date agency purchased or took control. *
- Availability Code: Describes characteristics of asset to include useful life. Refer to the FAACS

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

POLICY NUMBER: FS-10

REVISION NUMBER: 1

APPROVED BY: Richard F. Slivinski

DATE: 11/14/08

EFFECTIVE DATE: 07/01/08

PAGE: 11 of 17

DGS Director

Nomenclature Table.

- | | |
|------------------------|---|
| • Useful Life: | Useful life in years. See DGS' <i>Useful Life Policy (FS-12)</i> for guidance on assigning a realistic useful life to the asset and requirements for the periodic reevaluation of the useful life assigned. |
| • Vendor ID: | Vendor name or identifying number |
| • Voucher Number: | Voucher number assigned by Agency to expenditure |
| • Purchase Order: | Purchase Order or Requisition Number if issued and acquisition cost |
| • Fiscal Funding Year: | Fiscal funding year if different from acquisition year |

*

E. CONTROLLING/TRACKING FIXED ASSET

1. Division Fixed Asset Coordinator, through the Fiscal Services Support Team and Department Fixed Asset Coordinator, will establish a schedule for periodic spot checks of fixed assets and a complete physical inventory of fixed assets every two years in accordance with CAPP and annually in accordance with DGS Policy.

The objectives of the spot check or a physical inventory are to:

- ensure that the fixed assets recorded either in the Fixed Asset Accounting and Control System (FAACS) or the agency-based recording system for controllable assets, physically exist;
- determine if unrecorded or improperly recorded transactions have occurred; and
- identify any excess, defective or obsolete assets on hand.

An effective inventory results in an accurate accounting of fixed assets, and indicates the reliability of the system of accountability for the acquisition, use, and disposal of those assets. The frequency of inventory taking depends on the nature, quantity, and value of the fixed assets, and the cost and effort required to perform the procedures.

A complete physical inventory of fixed assets is required at least once every two years in accordance with CAPP and annually in accordance with DGS Policy in order to properly safeguard assets and maintain fiscal accountability. The methods that may be used are as follows:

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER:

PAGE: 12 of 17

APPROVED BY: Richard F. Shiwaski

DGS Director

- Conduct a wall-to-wall physical inventory of all assets recorded
- Conduct a physical inventory based on a generally accepted method of statistical sampling of assets recorded. Inventories may be conducted on a cyclical basis (i.e., all fixed assets do not have to be inventoried at the same time as long as the entire inventory is done within the required two-year timeframe). Cyclical inventories enable Division Coordinators to schedule inventory activities over a longer period of time, and thus conserving staff resources.

Either of the above methods is acceptable by the State Comptroller's Office for certification of correctness of fixed asset data. Inventories of assets which are susceptible to errors or irregularities should be conducted on a more frequent basis.

2. Division Fixed Asset Coordinators shall establish a timetable and coordinate the effort necessary to conduct the inventory.
3. Responsible Persons shall assist in conducting physical inventories in their area.
4. Division Fixed Asset Coordinators shall report and resolve discrepancies (to include additions, deletions, and changes) between recorded and actual inventories to the respective Fiscal Services Support Team Leader and Department Fixed Asset Coordinator in a timely manner through the submission of revised input forms and tagging, if necessary.
5. Divisions shall physically inspect each asset recorded for changes in condition and availability.
6. Divisions shall verify the asset's existence, and should provide a reference to lists and/or other documents evidencing the existence and cost of the asset examined. Procedures must include verification from the list to ensure the physical existence of listed assets and from the physical assets back to the list to ensure all assets physically in existence are recorded in the inventory records.
7. Divisions shall execute the physical inventory checks as follows, especially as it relates to equipment:
 - a. Division Fixed Asset Coordinators shall be permitted access to every room being inventoried.

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 13 of 17

APPROVED BY: Richard F. Slivinski

DGS Director

- b. Either all the equipment (or the equipment sampled) located in the room shall be checked for tag number and traced back to the inventory listing (FAACS or internal) with the following physical attribute fields rechecked:

- location
- responsible person
- equipment condition
- equipment availability

Tagged items in the room which are reported on the agency inventory report as located elsewhere will require a revision to record the change of location.

- c. If tagged items are missing from the inventory listing, or if untagged items are identified as meeting the definition of either a capitalized or controlled asset, inventory information shall be completed at that time for subsequent recording in FAACS or the internal fixed asset inventory system.
- d. A sampling of items with tags shall be made and traced to the inventory listing to ensure it is recorded. Also, a sampling of items from the listing shall be made and traced to the item to ensure the physical existence of the item.
- e. Any items found to be unrecorded or not physically existing shall be listed as a discrepancy, subsequently researched, and then either entered or removed by disposal from the system, as appropriate.
- f. Once all the agency locations have been checked for tagged, untagged, recorded or unrecorded items, the required changes shall be processed either by the Division Fixed Asset Coordinator or the Department Fixed Asset Coordinator.
8. Divisions shall use the following FAACS reports, as appropriate, to facilitate the inventory:
- a. FAC30080 *Assets by Location* - this is a detailed report that lists fixed assets by location in terms of FIPS code, building, etc. The report comes in three options:

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 14 of 17

APPROVED BY:

Richard F. Slivinski

DGS Director

- **Option 1** lists the assets grouped according to organization, location within organization, nomenclature codes within location with the associated FAACS ID number for each item.
 - **Option 2** lists the assets grouped according to location and then in numerical order code by FAACS ID number within location with the associated nomenclature code for each item.
 - **Option 3** lists the assets grouped according to organization, location within organization, and then in numerical order by FAACS ID number within location, with the associated nomenclature code for each item.
- b. FAACS Inventory Download
 - c. FAC30010 Agency Inventory Report
 - d. FAC308 Master Inventory by Organization and Nomenclature (for automated data processing (ADP) equipment)
 - e. FAC332 Asset Inventory Report
9. Division shall make changes to the master file records as soon as practicable after such changes occur in asset status.
- a. Information concerning new acquisitions is recorded once the item has been delivered.
 - b. All assets are assigned to a position in the Division/Staff Unit/Business Unit where the asset is located or controlled. Assets belonging to the agency as a whole, such as land and buildings, are assigned to the DGS Director or DGS Controller, consequently, all assets are assigned to a position responsible for safekeeping.
 - c. To ensure that changes are correctly processed throughout the year, periodic physical inspections are necessary. Therefore, various inventory activities must be conducted during the year, in the following sequence:

Daily

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 15 of 17

APPROVED BY:

Richard F. Slivinski

DGS Director

Divisions/Staff Units/Business Units must submit revisions to their respective Fixed Asset Coordinator whenever permanent changes to the below listed information fields occur:

- Change of ownership (organization code)
- Change of location (space identifier code)
- Change of responsible position
- Change of asset status (availability code)
- Change of asset operability (condition code)
- Direct receipt of new asset

Quarterly

Divisions/Staff Units/Business Units will receive inventory reports at the end of each fiscal quarter. The reports received for the quarters ending in September, December, and March should be reviewed by Division/Staff/Business Unit managers to verify the accuracy of recorded information.

These reports should be signed by the reviewer and returned to the Department Fixed Asset Coordinator, indicating any discrepancies.

Quarterly CIP updates, where appropriate for those divisions where construction or software development is in progress and determined to be capitalizable, should be performed at this time.

F. DISPOSAL OF FIXED ASSETS

1. DGS shall record both the disposal method and date of disposition in order to properly control and document disposal activity.

When a capitalized asset is disposed of, its value is removed from the financial balances reported and from inventory reports; however, the asset record, including disposal information, must remain in the fixed asset master file for three years, after which time it is purged from the system. This preserves an audit trail for disposed items, and facilitates comparisons between actual or historical useful life information with useful life guidelines.

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 16 of 17

APPROVED BY: Richard F. Fludowski

DGS Director

2. DGS shall differentiate between assets no longer in use which remain in the possession of the agency and assets no longer in use which *do not* remain the possession of the agency. Assets no longer in use which remain in the possession of the agency are considered surplus property and not a disposal. A disposal action is appropriate only when certain conditions occur resulting in an asset no longer being in the possession of the agency.
3. Fixed Asset Coordinators shall report disposals to the Department Fixed Asset Coordinator in a timely manner to accurately post asset disposals to FAACS.

Fixed assets can be disposed of in one of six ways:

- Sale or trade-in (FAACS Code S)
- Abandonment (FAACS Code A)
- Lost or stolen (FAACS Code L)
- Transfer (FAACS Code T)
- Casualty loss (FAACS Code C)
- Cannibalization (Code K)

Only when the asset is no longer in the possession of the agency, due to one of the six conditions listed above, is the disposal action appropriate. All assets no longer in the possession of the agency due to one of these six qualifying conditions will be removed from FAACS and the agency will have consider to have disposed of the asset.

4. All disposals of assets shall be carefully controlled and approved by appropriate agency management. Adequate segregation of duties shall exist between persons physically responsible for assets and those requesting and approving asset disposals. All disposals of a suspicious nature (i.e., assets missing for unknown reasons) shall be investigated, as appropriate, based on the nature of the asset and the value.
5. Division Fixed Asset Coordinators shall monitor the FAC30040 Disposal History report to detect any indication of poor asset control.
6. Division Directors/Business Unit Managers shall review disposal reports, evaluate causes and trends leading to disposals, and implement procedures to more effectively manage and control disposals when the dispositions represent problems, inefficiencies, and/or the incurrence of unnecessary cost.

DEPARTMENT OF GENERAL SERVICES

POLICY TITLE: Fixed Asset Accounting Policy

DATE: 11/14/08

POLICY NUMBER: FS-10

EFFECTIVE DATE: 07/01/08

REVISION NUMBER: 1

PAGE: 17 of 17

APPROVED BY: *Richard F. Hinder*

DGS Director

7. Although each specific method of disposal contains some slight variation, the basic disposal procedures are the same. The individual controlling the fixed asset or responsible person at the point of disposal shall notify the Division Fixed Asset Coordinator of the need to dispose an asset.
8. Division Fixed Asset Coordinator must timely notify the Department Fixed Asset Coordinator of disposal effecting FAACS records.

X. EFFECTIVE DATE, DISTRIBUTION METHOD, AND EXPIRATION DATE

This policy shall be distributed through normal distribution channels. It shall be effective July 1, 2008 for 7 years expiring on July 1, 2015.